



Furthering Families

Turning personal skills into income

Everyone has skills or abilities. Identifying those skills and abilities (hobbies, for instance) that you can turn them into a moneymaking endeavor is one way to increase your monthly income. Deciding which strengths to choose can be a fun and rewarding experience for you and your family.

How can I turn my strengths into income?

There are several steps in the process of turning strengths into income. Consider the questions that go along with each of these steps as you think about new ways to earn income.

1. List the set of skills or strengths that you presently use. Is there something that you really enjoy doing like creating scrapbooks or fixing cars? Are you really good at a particular skill or trade that you could turn into a moneymaking opportunity?
2. Decide if any of these skills can provide you with some income. Could this be an opportunity to raise some money for you and your family? Could this skill be turned into a source of cash and possibly a small and/or home-based business?
3. Construct a plan for how you will expand this resource(s) into a moneymaking opportunity for you. What actions might you need to take to start a business for yourself with this skill?
4. Evaluate and monitor your plan for effectiveness and make any changes necessary to the plan. Every plan requires monitoring to ensure that you accomplish what you set out to do.

Step 1: List your skills

According to the Small Business Administration publication, *First Steps: How to Start a Small Business*, there are some questions you need to ask yourself before you turn a hobby or skill into a moneymaking venture and/or a home-based business, including:

- What do I like to do with my time?
- What technical skills have I learned or developed?
- What do others say I am good at?
- What would I have fun doing on a daily basis?

As you begin to develop this list, be sure to brainstorm all of your possible strengths or assets. The list should include things like hobbies, crafts, or skills. If possible, include other family members in this brainstorming process as they may have ideas to contribute that you have not thought about.

Step 2: Decide which skills to use as a source of income

Once you have completed your list of assets, identify which skill is the most likely to create extra income for you. Use the following questions to assist you:

- Is my idea for a business practical, and will it fill a need?
- Will I have the extra time to start this business?
- What is a reasonable profit that I can expect in the first year and over the next five years?

Throughout the process of turning your skills into additional income, take advantage of the resources that are available to you at little or no cost. These organizations can provide information and additional resources or put you in touch with others who have experienced a similar situation.

- Local Chamber of Commerce – <http://www.michamber.com/>
- Local Community College – <http://www.mcca.org/>
- Michigan State University Extension – www.msue.msu.edu
- Michigan Small Business Development Center – www.mi-sbdc.org
- Service Corps of Retired Executives – <http://www.sba.gov/hotlist/score.html>
- Small Business Administration – www.sba.org
- Professionals in a similar business in your community who may be willing to assist

If you do not have access to the Internet at home, but would like to find out more information on these websites, check your local library for Internet access and someone may be able to assist you.

Step 3: Construct a plan

There are several pieces of information that you will need before starting your business. Some of the questions you will need to think about as you put together your business plan are:

- Who is my competition?
- What is my business's advantage over existing firms?

- What will I name my business?
- What will be the legal structure?
- How will my company's business records be maintained?
- What insurance coverage will be needed?
- What equipment or supplies will I need to start the business and to operate it?
- What start-up financing will I need?
- Where will my business be located?

Review the questions listed above to help you organize your plan for your new business.

Targeting your audience and marketing

Targeting your audience and marketing your new business are an important part of building a successful future for your business. Have a clear expectation of what your new business will be and give your business a name that will help people identify what goods or service you are providing. This will assist you in targeting your clientele and marketing your product. Now you are saying that this is more than a hobby; this is your new business or profession.

Next, define your target audience and establish your role in the community. Study the market of the product and/or service you would like to utilize as your business. Find out about any trade associations affiliated with this business and review the standards or regulations (if available) that apply to your business. This will ensure that you meet all the necessary criteria and may give you some marketing tools.. In addition, seek advice from local resources in your community. These may include lawyers, accountants, bankers, and/or small business counselors.

After defining your audience, put a plan together that describes what you will need to do to get this product or service to consumers. This will be your marketing plan. Several organizations offer more information on creating marketing plans—you can start with the U.S. Small Business Administration (website - www.sba.gov) or the Michigan Small Business Development Center (www.mi-sbdc.org).

Budget/financial plan

Finally, to complete your plan, you will need to set up a budget that:

- Makes sure you will have enough money to support your family and this project until your new business is self-supporting and providing income,
- Covers the cost of acquiring any new technical skills you or your employees will need for this project, and
- Provides for the purchase of any needed equipment and/or materials as well as operating costs.

For more information on putting a budget together, see the Michigan Small Business Development Center website at www.mi-sbdc.org.

Legal, tax, and insurance issues

There are some key people you will want to contact if you are beginning a home-based business. There are legal, tax, and insurance issues that need to be determined before you can begin operation. Zoning laws vary from community to community and may determine what you can and cannot do in your home as a business. Contact your local zoning office for assistance.

There are a variety of tax deductions that you can claim when you have your own home-based business. Keeping your important papers well organized is required. The IRS publishes special guidelines each year to assist individuals with all of their important tax questions. For more information, review the IRS web page at the following address. www.irs.gov

Insurance is one protection that you do not want to forget when preparing for the start-up of a home-based business.

Managing the risk in your business may ensure a more successful outcome for you and your family. Contact your local insurance agent to get specific information about the types of insurance you may need to consider for protecting you, your family, and your business.

Additional small business resources

For more information on Readiness Assessments, as well as Business Planning Tools, to assist you with starting your own home-based business, go to www.mi-sbdc.org.

The Small Business Administration (www.sba.org) has a variety of on-line training workbooks to help with your small business developmental needs.

Step 4: Evaluate and monitor your plan

After assembling your plan, it is time for action. Evaluate your plan frequently to keep in touch with how your business is performing, and keep good records so that you can properly monitor your business's progress. Set realistic goals for yourself at one, three, and five-year increments. Make adjustments to your plan and actions as you learn and gain experience in your business to increase your chances of success. In addition, stay technically advanced and look for business trends to stay ahead of the game. Remember, the purpose of turning this personal resource into a business is to increase your income. The best test of knowing if your business is successful or not will be the additional income you earn.

References

Small Business Administration, (March 2002), First Steps: How to Start a Small Business, <http://www.sba.gov/starting/indexsteps.html>.

Colorado Center for Community Development, (August 2000), NXLevel Guide for Entrepreneurs.

Compiled by: Erica Tobe, Associate Program Leader, Family and Consumer Sciences, Michigan State University Extension.

Reviewed by:

Linda Huyck, Extension Educator, Family Resource Management Area of Expertise Team, Gratiot and Montcalm Counties, Michigan State University Extension.

Elizabeth Kiss, Ph.D., Family Resource Management Specialist, Purdue University Extension.

Patricia Lamison, Extension Educator, Family Resource Management Area of Expertise Team, Ingham County, Michigan State University Extension.

Doug Woodard, Program Leader, Family and Consumer Sciences, Michigan State University Extension.



MSU is an affirmative-action, equal-opportunity institution. Michigan State University Extension programs and materials are open to all without regard to race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, marital status, or family status.

